

PUBLIC DISCLOSURE

April 3, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

LOWELL FIREFIGHTERS CREDIT UNION

642 CHELMSFORD STREET
LOWELL, MA 01851-4798

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of LOWELL FIREFIGHTERS CREDIT UNION prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory "

The credit union's composite rating of "Satisfactory" is based upon the performance criteria of the loan to share ratio, lending to members of different income levels and Fair Lending.

The loan to share ratio analysis for the time period of December 31, 1997 through December 31, 1999 revealed that the ratio fluctuated from a high of 78.7 percent on 12/31/97 to a low of 63.9 percent on 12/31/98. For the time period reviewed, the ratio averaged 70.1 percent. Although the loan to share ratio has shown a declining trend the average over the period reviewed is indicative of the credit union's willingness to lend to its membership.

The credit union extended 48.6 percent of its loans to low and moderate-income members, which is considered to be good. Therefore the credit union's lending performance under this criterion meets the standards for satisfactory performance.

The credit union has not received any CRA-related complaints since the previous examination. Finally, the credit union's fair lending policies and practices are considered reasonable given the size and resources of the institution.

PERFORMANCE CONTEXT

Description of Institution

The Lowell Firefighters Credit Union was founded in December 1936. The credit union's by-laws state that membership in the credit union is limited to those who are employees or those who were former employees of the Fire Department of the City of Lowell, and of the fire departments of contiguous towns (Dracut and Chelmsford) and members of their families. Persons not eligible for membership may have joint accounts with members of this credit union for the purposes of deposits and withdrawals only. Members of the Lowell Firemen's Fund and the Lowell Firefighters Union may also be eligible for membership in the credit union subject to the approval of the Board of Directors.

The credit union offers personal unsecured loans, automobile loans, loans secured by real estate and other personal and recreational vehicles loans. The hours of operation are Monday through Friday 9:00 a.m. to 3:00 p.m. On the last business day of each month the credit union closes at 2:30 p.m. The credit union does not offer any Automated Teller Machines.

There appears to be no impediments that would effect the credit union in meeting the needs of its membership. The credit union was last examined by the Division of Banks for compliance with the Community Reinvestment Act on January 29, 1998, and received a satisfactory rating.

As of March 31, 2000, Lowell Firefighters Credit Union had total assets of \$9,299,177, of which 49.3 percent were in the form of loans. Of these loans, 46.3 percent represented automobile loans, 23.9 percent were loans secured by real estate, 23.4 percent were personal unsecured loans, and 6.4 percent were other personal and recreational vehicle loans.

Description of Assessment Area

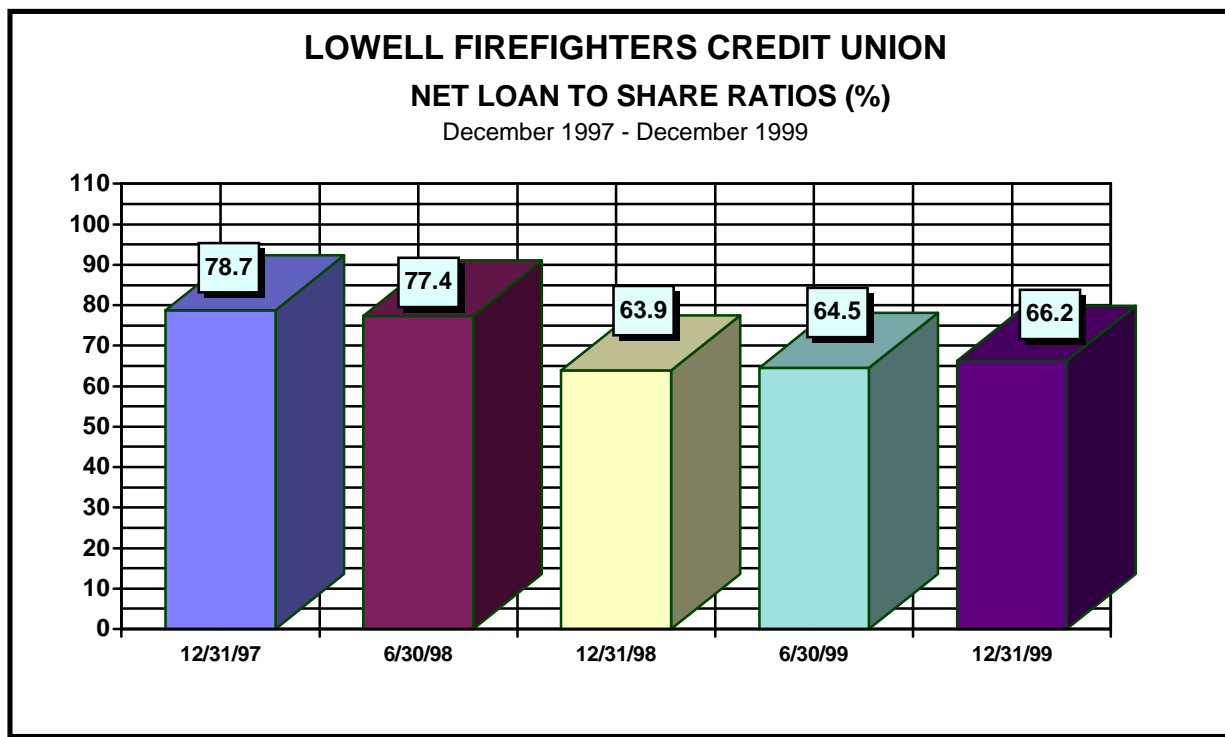
According to the Community Reinvestment Regulation 209 CMR 46.41(8), a credit union whose membership by-law provisions are not based on residence may delineate its membership as its assessment area. The Lowell Firefighters Credit Union's has elected to define its assessment area in this manner.

PERFORMANCE CRITERIA

1. LOAN TO SHARES ANALYSIS

An analysis of Lowell Firefighters Credit Union's loan to share ratio was performed during the examination. The calculation incorporated the net loan to total share ratios derived from five semi-annual N.C.U.A. 5300 Call Reports. This review included the reports from December 31, 1997 through December 31, 1999.

The institution's average loan to share ratio for the period under review was determined to be 70.1 percent. The analysis revealed that during the period the ratio fluctuated from a high of 78.7 percent as of 12/31/97 to a low of 63.9 percent as of 12/15/98. As of 12/31/99 the ratio stood at 66.2 percent.



As indicated above, the loan to share ratio has shown a slight decrease. This can be attributed to deposit growth outpacing loan growth. Total deposits have grown 33.4 percent while loan growth has only shown an increase of 11.8 percent.

The credit union experienced continued demand for its consumer loan products due to the low fixed rate environment experienced over this time period. However, it saw a decrease in lending activity relating to home equity/home improvement lending during the same period. The first quarter of the year 2000 indicates an increase in demand for home equity/home improvement loan products.

Further analysis indicates that the asset size of the institution increased 26.3 percent over the time period covered by this examination. Net loan to asset ratios have experienced decreases from 56.9 percent as of December 31, 1997 to 50.6 percent as of December 31, 1999.

Based on the above information the credit union's net loan to share ratio is reasonable and meets the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Under the revised CRA regulations, a credit union whose membership is not based on residence, such as the Lowell Firefighters Credit Union, may define its assessment area as its membership. Because a membership defined assessment area does not consider any fixed limits based upon geography, an analysis involving credit extended inside a particular defined geographic area compared to credit extended outside of a particular geographic area is not meaningful.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The credit union's loans were analyzed to determine the distribution of lending by borrower income level. The members' reported incomes were compared to the median family incomes for the Lowell Metropolitan Statistical Area (MSA) due to the location of the eligible membership and organizations. These income figures are \$59,200 for 1998 and \$61,800 for 1999, based on estimated Department of Housing and Urban Development (HUD) information

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

An analysis of the loan portfolio of the credit union was performed in order to determine a reflective loan sample. A sample size of 72 or 10.0 percent of originations was reviewed for both 1998 and 1999. The sample consisted of personal unsecured loans, automobile loans, loans secured by real estate and other personal and recreational vehicles loans. These loan types were consistent with the lending pattern of the credit union. Refer to the following table for the detailed analysis.

Distribution of Loans by Borrower Income

% OF MEDIAN MSA INCOME	1998		1999		Total	
	#	%	#	%	#	%
<50%	5	13.9	2	5.6	7	9.7
50% - 79%	14	38.9	14	38.9	28	38.9

80% - 119%	9	25.0	12	33.3	21	29.2
>120%	4	11.1	4	11.1	8	11.1
NA	4	11.1	4	11.1	8	11.1
TOTAL	36	100.0	36	100.0	72	100.0

According to this analysis, the credit union extended 48.6 percent of its loans to low and moderate-income borrowers. It should be noted that this analysis is based on a comparison to median family income levels. The majority of the loans reviewed consisted of personal and automobile loans, which typically consider the income of only one applicant. As such, it is not unusual to see a somewhat higher distribution of loans among low and moderate-income borrowers. Nevertheless, the above distribution of loans demonstrates the credit union's willingness to lend to borrowers of all income levels, including those of low and moderate-income. As such, the credit union is deemed to meet the standards for satisfactory performance under this criterion.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

According to CRA regulations, an institution shall delineate one or more assessment areas by which the institution will serve to meet the credit needs of its community and by which the Division will evaluate the institution's CRA performance. A credit union whose membership by-law provisions are not based on residence is permitted to delineate its membership as the assessment area. Since the Lowell Firefighters Credit Union has defined its assessment area as its membership, as opposed to a geographic area, an evaluation of credit extended within defined geographic areas was not conducted, as such an analysis would not be meaningful.

5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

Based upon the review of the credit union's public comment file and its performance relative to fair lending policies and practices the institution meets the standards for satisfactory performance.

REVIEW OF COMPLAINTS

A thorough review of the public comment file revealed that the credit union received no complaints pertaining to its CRA performance since the previous examination.

FAIR LENDING POLICIES AND PRACTICES

Lowell Firefighters Credit Union has established a Policy Statement on Discrimination in Lending that is incorporated into the credit union's lending policy. It is the credit union's policy to detect and eliminate discrimination in lending. Detailed below is the credit union's fair lending performance as it correlates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

STAFF TRAINING

Management continually instructs the staff to ensure that all members are treated in the same manner.

STAFF COMPOSITION AND COMPENSATION

The credit union staff consists of one full-time employee and four part-time employees.

OUTREACH

The credit union utilizes its day to day contact with members and potential member as its primary form of outreach. There are also fliers posted in all firehouses when a new product is offered or interest rates are changed. In addition, surveys are mailed out once every quarter to get feedback from the members.

CREDIT PRODUCTS AND UNDERWRITING STANDARDS

The credit union offers personal unsecured loans, automobile loans, loans secured by real estate and other personal and recreational vehicles loans.

Credit products and underwriting standards are reviewed on a continual basis to ensure that the credit needs of the membership are met and no member is arbitrarily excluded from qualifying for a loan especially those members of low and moderate-income.

MARKETING

As mentioned in the outreach section above, the credit union uses the posting of fliers in all firehouses as its primary marketing tool. In addition, statement stuffers are inserted in the quarterly statements.

CREDIT EDUCATION

The credit union does not participate in any credit education programs.

COUNSELING

The credit union utilizes an in-house system of assisting members through the application process and assisting those members with credit problems. They also refer delinquent members to the Credit Counseling Services of Massachusetts.

SECOND REVIEW PRACTICES

The credit union assigns its credit committee to review all loans. The credit committee is comprised of the Treasurer, the Assistant Treasurer and a Director.

INTERNAL CONTROL PROCEDURES

The credit union uses the audit committee as its primary internal control procedure. They review a sample of loans once a month. The audit committee is comprised of three Directors from the credit union.

The credit union has an outside CPA firm, which reviews the loans once a year.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

LOWELL FIREFIGHTERS CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **APRIL 3, 2000**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.